

State of Alaska FY2003 Governor's Operating Budget

Department of Environmental Conservation Administration Budget Request Unit Budget Summary

Administration Budget Request Unit

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BRU Mission

Provide support and policy direction to the divisions in the department.

BRU Services Provided

- Develop partnerships and work cooperatively with the regulated community and other government and non-governmental stakeholders to protect human health and the environment.
- Represent the department's authorities and responsibilities on the Exxon Valdez Trustees Council, State Emergency Response Commission, and Alaska Coastal Policy Council.
- Provide support services to customers and clients of the department, other agencies, the legislature and individual department employees.
- Develop and implement sound administrative policies and practices for the department.
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BRU Goals and Strategies

- 1) USE THE BEST AVAILABLE SCIENCE AND STAKEHOLDER INPUT TO ACHIEVE STANDARDS FOR CLEAN AIR, LAND, WATER, FOOD SAFETY AND THE ENVIRONMENT.
 - Use stakeholder working groups to review and recommend changes to department priorities and policies.
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- 2) PROVIDE EASY PUBLIC ACCESS TO DEPARTMENT INFORMATION AND TECHNICAL ASSISTANCE
 - Maintain a department web page and a department-wide Internet information assistance system.
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- 3) INCREASE EMPHASIS ON PREVENTATIVE MEASURES TO DECREASE EMERGENCY RESPONSE CRISIS MANAGEMENT.
 - Actively participate as a value-adding business partner providing solutions and services in support of our programs' and customers' missions and changing needs.
 - Be aware of and seek out useful technologies.
 - Have policies and procedures, "how-to" fact sheets, and training support.
 - Increase customer focus and responsiveness through up-front consultations.
 - Provide clear expectations and open two-way communication.
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- 4) FACILITATE CHANGE AND INNOVATION IN DEPARTMENT OPERATIONS.
 - Delegate authority to the appropriate lowest level, reducing duplicative and unnecessary reviews.
 - Support good business decisions.
 - Support a team-based approach to problem solving.
 - Invite user input into the decision-making process.
 - Encourage personnel development through training and improved communication to achieve the highest level of excellence in public service.
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Key BRU Issues for FY2002 – 2003

The department is evolving from a strictly regulatory agency to one where citizens and stakeholders are involved partners. An organizational effectiveness program has been established to provide managers with a framework for making decisions based on our organization's mission, strategic plan, performance measures and vision. The program includes 1) development of a structured process for environmental problem solving, ensuring a focused investment of limited public resources toward activities that matter and that yield direct environmental or health improvement; 2) development of innovative training tools that improve personal leadership and organizational effectiveness; and 3)

development of a structured process for employee mentoring and succession planning.

Major BRU Accomplishments in 2001

The department was very successful in working with interested stakeholder work groups and the public on the following major state policy issues:

Cruise Ship Compliance Monitoring. Following the Royal Caribbean pollution court case, the department worked with the cruise ship industry and concerned stakeholders to begin a cruise ship waste sampling program. The results showed that cruise ships were discharging the equivalent of raw sewage into Alaska's inside waters. As a result the Governor worked with the federal administration and Senator Murkowski to pass federal law to strengthen federal oversight of cruise ship discharges. As part of the department's work with cruise ship industry and public and private stakeholders, it became clear that state legislation was needed to give the department the tools to monitor and control cruise ship pollution.

Legislation was passed by Alaska's legislature to provide for a comprehensive state oversight program to monitor cruise ship discharges, learn more about their effects on the environment and regulate those discharges in a way that placed a minimal burden on the cruise industry.

Improved Non Tank Spill Prevention and Preparedness. The grounding of the cargo ship Kuroshima and the associated oil spill in Dutch Harbor followed by a number of large oil spills by the Alaska Railroad demonstrated the need for improvement in spill prevention and preparedness for these modes of transportation. To develop an appropriate legal foundation to upgrade the spill prevention and response systems for these industries, the department chaired a 23-member task force with representatives from the maritime industry, the Alaska Railroad, petroleum producers, distributors and transporters, spill response cooperatives, and the US Coast Guard. It held 11 formal meetings over a five-month period, in which the members worked through legal and technical issues on prevention, contingency plans, and response planning standards.

Based on the recommendations of the task force, legislation was passed that requires the Alaska Railroad and sea-going vessels of 400 or more gross tons to demonstrate the ability to pay for responding to oil spills and established a response planning standard for industry to be able cleanup 15% of the vessel's maximum oil storage capacity within 48 hours of an oil spill.

Reasonable and Accountable Permit Fees. The department worked with public and private stakeholders affected by the department's permit programs including environmental organizations, members of industry (oil and gas, seafood processing, mining), other agencies, and municipalities to agree on a way to fund the department's permit programs with a balance of permit fees and general funds. Based on the recommendations made by the stakeholder working group the legislature passed HB 361, a bill that directs the department to establish appropriate permit fees for department services and directs the method of establishing those fees.

Briefly, the new law requires that fees charged for permits by the department must reflect only the actual and "reasonable direct" cost of issuing the permit. The department must establish a schedule of fixed fees for their routine "simple repetitive permitting activities," but requires them to negotiate special fees for large industries or controversial permit proposals. It also requires the agency to use a uniform accounting system to manage the fees and give permit-holders monthly invoiced detailing the expenses charged to them. The result of the department's work with the permit fee working group will be a more user-friendly regulatory environment with predictability, standardization and stability.

Departmental Training. Administrative Services delivered two service improvement training programs for department staff. Vision Based Leadership was the next step in the series of Human Resources training which is offered in our goal to recruit, retain and reward quality employees who deliver the department's mission and vision. The training provided attendees with real examples of leadership within the department; suggested tools for effective leadership; and incorporated both practical and conceptual materials. The second training was issues management focusing on the movement and changes in environmental management. For example, turning from productivity or output measures to environmental quality measures; encouraging pollution prevention rather than relying solely on pollution prosecution; and moving from incident or site based analysis to pattern or area-wide analysis. It focused on risk management and problem solving approaches including problem solving and risk control procedures, stages, and infrastructure.

Key Performance Measures for FY2003

Measure:

The percentage of divisions that meet assigned performance measures.
Sec 61 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The goal is for all division to track performance on 100% of their assigned performance measures.

All divisions are tracking performance measures.

Benchmark Comparisons:

All state departments are required to track performance measures.

Background and Strategies:

The goal is for divisions to track 100% of their assigned performance measures. To accomplish this goal the following strategies will be employed:

- Establish valid benchmarks to determine and/or measure results.
- Require each division to monitor and report annually on all program performance measures.
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Measure:

The percentage of permittees out of compliance with state law or regulations.
Sec 61 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The goal of the department is to incrementally increase percentage of facilities in compliance with state permit requirements.

Progress on this measure is illustrated in the table below. Compliance data was not kept for wastewater permits prior to 2001.

| Type of Permit | 2000 | 2001 |
|-------------------------|------|------|
| Wastewater | N/A | 1 %* |
| Air | 21 % | 17 % |
| Solid Waste | 41 % | 40 % |
| Spill Contingency Plans | 22 % | 26 % |
| Food | 41 % | 42 % |

* There was little compliance monitoring or facility inspection work done by the wastewater program in FY 01. Absent this monitoring information an accurate non-compliance rate is questionable.

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

To accomplish this goal, the following strategies will be employed:

- Create and maintain a valid inventory or database of permitted facilities, using a department-wide facility identification database;
- Create and maintain automated reporting tools for permitted facilities;
- Use data from permittees to determine compliance;
- Use third party inspections to determine compliance ; and
- Work with Pacific Northwest states to collect comparable performance information.
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Measure:

The number of critical violations in inspected public or private facilities that significantly affect the health or safety of the public.

Sec 61 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The goal of the department is to achieve incremental decreases in the number of critical violations in inspected facilities while increasing the frequency of inspections.

Progress on this measure is illustrated in the table below.

| | Calendar Year | | | |
|----------------------------|---------------|------|------|------|
| | 1997 | 1998 | 1999 | 2000 |
| Pesticide Product Removals | 5 | 6 | 2 | 12 |
| Food | 825 | 751 | 592 | 753 |

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

To meet this goal we will employ the following strategies:

- Place the highest priority on inspections for critical violations that affect health or safety;
- Increase inspection and monitoring of high risk public or private facilities;
- Peer reviews and inspections performed by affected industries; and
- Educate inspected facilities regarding the impacts of and how to avoid critical violations.
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Measure:

The average time taken to adjudicate decisions in permit disputes.

Sec 61 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The goal of the department is to issue decisions on hearing requests within 15 days and complete adjudicatory hearings and final decisions within six months. Progress on this measure is illustrated in the table below.

| | Calendar Year | |
|--------------------|---------------|------|
| | 1999 | 2000 |
| Hearings Requested | 6 | 11 |
| Requests Denied | 2 | 1 |

| | | |
|------------------------------|-----|----|
| Requests Withdrawn | 2 | 10 |
| Days To Issue Final Decision | 306 | 15 |

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

To meet the goal the following strategies will be employed:

- Amend administrative procedure regulations to provide for and encourage alternative dispute resolution;
- Streamline the adjudicatory hearing process timeframes and make clear the requirements parties must satisfy to be granted a hearing and intervene in a hearing.

Measure:

The percentage of adjudicated decisions that are appealed to the courts.
Sec 61 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The goal of the department is to not have any of its final adjudicatory hearing decisions appealed to the courts.

The single decision made in FY 01 to deny a hearing request has been appealed to the courts.

Benchmark Comparisons:

External comparisons not available.

Background and Strategies:

Amend the administrative procedures regulations to provide for a fair and timely review of agency decisions by the Commissioner or her designee.

Measure:

The average time taken to respond to complaints and questions that have been elevated to the Commissioner's Office.
Sec 61 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

There are three methods for bringing a complaint or issue to the attention of the commissioner's office.

1. A formal administrative process is in place under 6 AAC 50 for elevating draft permit issues to the commissioner's office through a coastal management elevation. By law anyone elevating a draft coastal management decision to the Commissioners of the state resource agencies must receive a final decision within 15 business days.
2. The commissioner's office receives written correspondence elevating a wide variety of issues. These might include, but are not limited to, requests for technical assistance, questions about permit decisions, recommendation for changes to DEC regulations, and/or dissatisfaction with application procedures and fees. Department policy allows for 10 business days to respond to any written elevations. A formal tracking system is in place to monitor the time it takes to respond to elevations via written correspondence. This system is maintained by the commissioner's office support staff.
3. Questions and complaints are brought to the Commissioner's office attention via telephone similar to those via written correspondence but are generally time-sensitive and therefore receive a more immediate response. Department policy is to respond to all issues brought to the attention of the commissioner's office to be responded to within 24 hours.

This is a new performance measure. Information tracked during Fiscal Year 2001 is illustrated in the table below.

| Type of question or complaint | Number | Average Time to Respond |
|-------------------------------|-----------|-------------------------|
| Coastal Consistency Elevation | 2 | 15 |
| Written Correspondence | 300 | 10 |
| Telephone Calls | 5 per day | 24 hours |

Benchmark Comparisons:

All state Departments are required to track and report on this measure.

Background and Strategies:

- Maintain a Commissioner's office log of incoming correspondence and telephone calls; and
- Direct all incoming questions or complaints to the appropriate division director for review and timely response.

Measure:

The percentage of employee complaints and grievances filed and resolved at the departmental level as compared to all other departments.

Sec 62 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The goal of the department is to resolve 90% or more of complaints and grievances within the department.

DEC had six grievances in FY01; three were resolved inside the department.

Benchmark Comparisons:

Comparison information is to be provided by the Department of Administration.

Background and Strategies:

Grievances are disputes that relate only to application of contract provisions or contractual violations, while complaints are defined as any controversy or dispute that does not involve the application or interpretation of contract provisions. The department is involved at every step of the grievance/complaint process and normally must approve all grievance settlements, even when resolved by labor relations.

To achieve the goal of the department, the following strategies will be used:

- Conduct regular preventative meetings with union representatives;
- Provide supervisory training to ensure supervisors comply with contractual agreements;
- Establish clear performance measures at the employee level;
- Mediate and resolve problems before a complaint or grievance is filed; and
- Update and revise evaluation process/forms to provide meaningful, timely feedback tools.

Measure:

The percentage of employee grievances overturned by hearing officers as compared to all other departments.

Sec 62 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The goal of the department is to have less than 5% of grievances overturned by a hearing officer.

In FY01, one DEC grievance advanced to hearing but the parties reached a settlement before the conclusion of the hearing. To date, no grievances in FY02 have been overturned at hearing.

Benchmark Comparisons:

Comparison information is to be provided by the Department of Administration.

Background and Strategies:

Arbitration is the negotiated process the employer and the unions agreed to use to resolve allegations of contract violations or, to enforce the terms of the contract. Grievances are disputes that relate to application or interpretation of a specific contract provision, allegations of a specific contractual violation, or used to bring enforcement of a specific contractual term or article.

To achieve the goal of the department, the following strategies will be used:

- Conduct regular preventative meetings with union representatives;
- Provide supervisory training to ensure supervisors comply with contractual agreements;
- Establish clear performance measures at the employee level;
- Mediate and resolve problems before a complaint or grievance is filed; and
- Update and revise evaluation process/forms to provide meaningful, timely feedback tools.

Measure:

The percentage of indirect costs collected for the commissioner and the administrative services division and for shared overhead costs.

Sec 62 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

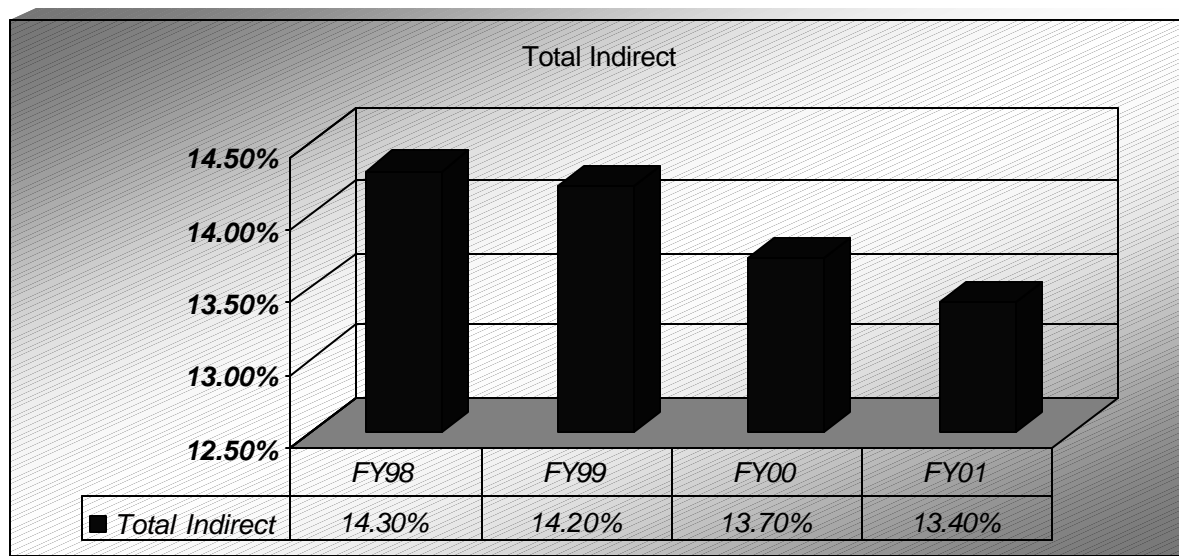
The goal of the department is to maintain or decrease the indirect funding relative to total dollars.

For the last several years the department has slightly reduced the percentage of funds being collected to cover indirect costs. Assuming no major changes in the programs managed by this agency, projections for fiscal year 2002 indicate this trend will continue.

Benchmark Comparisons:

This process requires the identification of those costs that cannot be attached to a specific program or a cost that may be centrally managed in a more cost efficient manner. The allocation of these costs is determined by a method of equitable distribution to each funding source.

The process used by the department to collect indirect funds is unique and does not lend itself to comparison. To make a comparison with another agency, that agency would need to have identified the same costs as those within DEC. At this time no other agency meets this criteria. A comparison of year to year collections is the most reliable measure for determining success on this measure as shown in the following chart.



Background and Strategies:

The goal is to provide effective support services at the lowest possible cost and to manage shared costs to reduce those costs. To achieve this goal, services will be evaluated using the following criteria:

- Is the task required by statute;
- Is the task required by federal regulation;
- What consequences occur if the task is not completed;
- What level of detail is required;
- What level of staff knowledge and training is required to perform the task;
- Is there another way we can purchase these services at a lower cost;
- Will an additional investment now lead to efficiencies or savings in the future;
- Does this cost benefit only a specific program(s) and therefore be charged directly to the program; and
- Does a reduction in program funding reduce the needs for indirect services or costs?

Measure:

The percentage of penalties for total payroll or vendor payments per year.
Sec 62 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The department will limit penalty pay to less than 0.1%.

The department has not paid any penalty payroll in the last eleven years. The annual percentage of penalties for vendor payments over the last four years has been very low, well below 0.1% of total payments.

Benchmark Comparisons:

Payroll: Comparison information is to be provided by the Department of Administration.

Vendor: The average penalties payment versus total operating budget for those agencies utilizing the state accounting system in FY2001 was 0.114%. DEC was lower than this average at 0.098% and also lower than the departmental target of less than 0.1%.

Background and Strategies:

Payroll: With 24 pay periods each year, the department completes almost 11,000 payroll transactions annually. Employees are paid from different accounts and, when combined with additional parameters such as bargaining unit and overtime, the potential for error rises dramatically. To ensure that the goal is met, the department has explored new technologies and methods for time and payroll purposes and has developed an electronic tracking system for the majority of its employees. In addition, the department continues to explore the possibilities of eliminating timesheets for overtime-exempt employees claiming pay for a single funding code.

Vendors: The department strives to make vendor payments as close to the due date as possible. To accomplish this we attempt to enter payments five days prior to the invoice due date. Delays occur when approvals are not available; an invoice is delayed; or insufficient information is provided on an invoice. To ensure prompt payments we centralized tracking of travel charges, train staff on invoice processing, and review statements to monitor outstanding invoices.

Measure:

The number of audit exceptions resolved.
Sec 62 Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The goal of the department is to eliminate audit exceptions and to resolve any valid exceptions that do occur within six months of notification.

From fiscal year 1996 to 1999 the department has reduced audit exceptions by 83% as a result of refining our accounting management system. Additionally, 100% of audit exceptions have been resolved.

Benchmark Comparisons:

For fiscal year 1999 twelve of the sixteen agencies audit received notice of audit exceptions. The average number of audit exceptions resolved by these agencies was 65%. The number of audit exceptions resolved by DEC was 100%.

Background and Strategies:

The department makes the identification and resolution of potential audit exceptions a high priority. To meet this goal we:

- Review prior audit issues to identify current areas of need;
- Identify the appropriate staff level to resolve issues; and
- Assign tasks to clearly identify staff responsible for technical processing and those responsible for compliance monitoring.

Administration

BRU Financial Summary by Component

All dollars in thousands

| | General Funds | FY2001 Actuals Federal Funds | Other Funds | Total Funds | General Funds | FY2002 Authorized Federal Funds | Other Funds | Total Funds | General Funds | FY2003 Governor Federal Funds | Other Funds | Total Funds |
|-------------------------------------|------------------|------------------------------------|----------------|----------------|------------------|---------------------------------------|----------------|----------------|------------------|-------------------------------------|----------------|----------------|
| Formula Expenditures | | | | | | | | | | | | |
| None. | | | | | | | | | | | | |
| Non-Formula Expenditures | | | | | | | | | | | | |
| Office of the Commissioner | 290.7 | 104.3 | 142.7 | 537.7 | 300.2 | 104.9 | 0.0 | 405.1 | 307.8 | 107.5 | 0.0 | 415.3 |
| Administrative Services | 920.6 | 933.5 | 4,214.8 | 6,068.9 | 805.8 | 892.5 | 1,345.6 | 3,043.9 | 823.8 | 912.5 | 1,375.8 | 3,112.1 |
| Exxon Restoration | 0.0 | 0.0 | 65.4 | 65.4 | 0.0 | 0.0 | 632.8 | 632.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Totals | 1,211.3 | 1,037.8 | 4,422.9 | 6,672.0 | 1,106.0 | 997.4 | 1,978.4 | 4,081.8 | 1,131.6 | 1,020.0 | 1,375.8 | 3,527.4 |

Administration**Proposed Changes in Levels of Service for FY2003**

Exxon Valdez Settlement funding has declined steadily over the last several years as the restoration activities come to a close. Reduced funding no longer warrants maintaining a separate component. Two transactions are being proposed which will delete the component, a transfer and a decrement. A staff position and funding to facilitate program closeout are being transferred to the Air and Water Quality Director's Office and the remaining authorization decreased.

Administration**Summary of BRU Budget Changes by Component****From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2002 Authorized | 1,106.0 | 997.4 | 1,978.4 | 4,081.8 |
| Adjustments which will continue current level of service: | | | | |
| -Office of the Commissioner | 7.6 | 2.6 | 0.0 | 10.2 |
| -Administrative Services | 18.0 | 20.0 | 30.2 | 68.2 |
| -Exxon Restoration | 0.0 | 0.0 | -10.5 | -10.5 |
| Proposed budget decreases: | | | | |
| -Exxon Restoration | 0.0 | 0.0 | -622.3 | -622.3 |
| FY2003 Governor | 1,131.6 | 1,020.0 | 1,375.8 | 3,527.4 |